GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3617
ANSWERED ON:12.12.2002
CRUDE OIL PRICES ON BASIS OF IMPORT PARITY
JAGMEET SINGH BRAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether after dismantling of APM, ONGC and OIL are being paid crude oil prices on the basis of import parity;

(b) if so, the cost of production of per barrel of crude oil produced by ONGC and OIL and the price paid to them on the basis of import parity;

(c) whether the import parity price is more than the cost of production; and

(d) if so, the manner in which the unearned profit of ONGC and OIL is accounted for ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLUEM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) After dismantling of the Administered Pricing Mechanism (APM) with effect from 1.4.2002, Oil & Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL) are to get market-determined prices for crude oil.

(b) Does not arise in view of reply to part (a) above.

(c) In view of the volatility of international crude oil prices, import parity prices may be higher or lower than the cost of production from time to time.

(d) Does not arise in view of reply to part (c) above.